

October 4, 2011

VIA EMAIL AND FEDEX OVERNIGHT DELIVERY

Ms. Kristine Koch
Remedial Project Manager
United States Environmental Protection Agency, Region 10
Office of Environmental Cleanup, Mail Code ECL-115
1200 Sixth Avenue, Suite 900
Seattle, Washington 98101-3140
koch.kristine@epamail.epa.gov

RE: Portland Harbor Superfund Site / CERCLA Section 104(e) Information Requests

Dear Ms. Koch:

We are the legal counsel for the The Marine Group, LLC, which received a first request for information letter dated January 18, 2008, with respect to the former operations of Northwest Marine, Inc. at the Swan Island Shipyard, located within the Portland Harbor Superfund Site. Enclosed with this letter is a supplement to our client's prior responses to EPA's information request letter. The documents produced with this supplement include confidential trade-secret information, which has been segregated and marked pursuant to EPA's instructions.

We look forward to continuing to work cooperatively with EPA and the other stakeholders at the Site. Please feel free to contact me with any questions or concerns.

Sincerely,



Karen L. Reed

Enclosure

cc: Arthur E. Engel, CEO
The Marine Group, LLC

Raymond A. Parra, General Counsel
BAE Systems San Diego Ship Repair Inc.

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PORTLAND HARBOR SUPERFUND SITE INFORMATION REQUEST SUPPLEMENTAL RESPONSES FROM THE MARINE GROUP, LLC

Introduction

Respondent The Marine Group, LLC (“Respondent”) submitted preliminary partial responses (“Preliminary Responses”) to the first request for information letter dated January 18, 2008 (“Information Request”), to the U.S. Environmental Protection Agency (“EPA”) under cover dated May 19, 2008, and Respondent submitted final responses (“Final Responses”) to the Information Request to EPA under cover dated November 5, 2008 (collectively, “Prior Responses”). These supplemental responses supplement, clarify and correct the Prior Responses, which are by this reference incorporated herein and which remain unchanged except to the extent expressly provided herein.

Respondent provided to EPA with the Final Responses an electronic database of documents, which were Bates numbered and in pdf format, and an index to these documents. References in these supplemental responses to these documents will be by Bates number in the format “NWMARxxxxxx,” where x represents a unique page number. After submission of the Final Responses, Respondent located additional responsive documents, which are submitted herewith and have been assigned unique sequential Bates numbers. This submission includes documents that contain confidential trade secret information. These documents have been segregated from the remainder of this submission and marked in accordance with Instruction No. 6 to the Information Request.

Supplemental Responses

- 4. Identify each and every Property that Respondent currently owns, leases, operates on, or otherwise is affiliated or historically has owned, leased, operated on, or otherwise been affiliated with within the Investigation Area during the period of investigation (1937 – Present). Please note that this question includes any aquatic lands owned or leased by Respondent.**

Response 4: After submission of the Final Responses, Respondent became aware that Respondent’s predecessor-in-interest, Southwest Marine, Inc., entered into a Short-Term Berthage Agreement dated January 8, 1991, NWMAR136379, with Sulzer Bingham Pumps Inc. for the temporary use of Sulzer’s 1,200 foot-long wood ship dock located at 2800 NW Front Avenue, Portland, Oregon, for layberthing of the vessel Keystone Canyon from January 8, 1991, to January 25, 1991, from which no known releases occurred. See generally NWMAR136364-NWMAR136394.

- 19. Provide copies of any stormwater or property drainage studies, including data from sampling, conducted at these Properties on stormwater, sheet flow, or surface water runoff. Also provide copies of any Stormwater Pollution Prevention, Maintenance Plans, or Spill Plans developed for different operations during the Respondent’s operation of each Property.**

Response 19: Respondent wishes to clarify the following statement in Response No. 19 of the Final Responses: “The Property had no stormwater outfalls which discharged directly to the Willamette River or Swan Island Basin.” All stormwater from the Property discharged into stormwater sewer systems owned, operated and maintained by the City of Portland. The Property storm drains were connected to two stormwater outfalls that discharged into the Willamette River and Swan Island Basin, as depicted on NWMAR110426 and NWMAR120298. Each of these connections was not direct from the Property to the Willamette River or Swan Island Basin, but rather was combined with connections to the west and east of the Property servicing other buildings and catch basins located in the vicinity of the Property.

26. Describe how wastes transported off the Property for disposal are and ever were handled, stored, and/or treated prior to transport to the disposal facility.

Response 26: With respect to Respondent’s activities at the Shipyard, as defined in Response No. 4 of the Final Responses, the Port, as defined in Response No. 4 of the Final Responses, assumed responsibility for treatment and disposal of ballast water from the vessels on which Respondent performed work, as explained in the detailed description of operational processes, submitted with the Final Responses. The Port then invoiced Respondent for the services of the Port’s Ballast Water Treatment Plant. See, e.g., NWMAR014453-NWMAR014454, NWMAR014462-NWMAR014463 (references to BWTP).

40. Provide copies of such contracts and other documents reflecting such agreements or arrangements, including, but not limited to the following:

- a. state where Respondent sent each type of its waste for disposal, treatment, or recycling;
- b. identify all entities and individuals who picked up waste from Respondent or who otherwise transported the waste away from Respondent’s operations (these companies and individuals shall be called “Waste Carriers” for purposes of this Information Request);
- c. if Respondent transported any of its wastes away from its operations, please so indicate;
- d. for each type of waste specify which Waste Carrier picked it up;
- e. indicate the ultimate disposal/recycling/treatment location for each type of waste;
- f. provide all documents indicating the ultimate disposal/recycling/treatment location for each type of waste; and
- g. state the basis for and provide any documents supporting the answer to the previous question.

Response 40:

- f. See also NWMAR000158-NWMAR000199, NWMAR000204-NWMAR000215.
- g. See also NWMAR000158-NWMAR000199, NWMAR000204-NWMAR000215.

46. Provide copies of any records you have in your possession, custody or control relative to the activities described in response to the previous two Questions.

Response 46: See, e.g., NWMAR000158-NWMAR000199, NWMAR000204-NWMAR000215, NWMAR013852-NWMAR013854, NWMAR013858-NWMAR013860, NWMAR013978.

47. Describe any process or activity conducted on a Property identified in response to Question 4 involving the acquisition, manufacture, use, storage, handling, disposal or release or threatened release of polychlorinated biphenyl(s) ("PCB(s)" or PCB(s)-containing materials or liquids.

Response 47: This Response replaces in its entirety Respondent's response to this question in the Final Responses, which shall hereby be considered stricken therefrom. This response is based on the information and belief of the following former personnel of Northwest Marine (as defined in the Prior Responses) – William H. Zavin II (who is identified in Response No. 80 of the Final Responses), William M. Johnston (who is identified in Response No. 2 of the Final Responses) and Dana M. Austin (who also is identified in Response No. 2 of the Final Responses). We have no knowledge of Northwest Marine ever conducting any processes or activities on the Property that involved the acquisition, manufacture or use of PCBs or PCB-containing materials or liquids. However, on occasion, vessels on which Northwest Marine contracted to work may have contained PCB-containing materials or liquids.

When Northwest Marine contracted to work on vessels containing liquid PCBs or liquid PCB-containing materials (which to the best of these persons' recollections were only U.S. military vessels), Northwest Marine required the vessel owner (e.g., the U.S. Navy) to remove, store, handle and/or dispose of such materials, except as noted below with respect to PCB-containing light ballasts. The U.S. Navy notified its contractors on August 21, 1990, that Navy ships may also be contaminated with solid PCB-containing materials. NWMAR055388. On rare occasions and again only in connection with U.S. military vessels,¹ Northwest Marine would remove, store, handle and/or dispose of such solid PCB-containing materials, like flange gaskets. NWMAR014596-NWMAR014598 (documentation of testing of gasket materials for PCBs on USS Standley).

It is also theoretically possible that Northwest Marine removed, stored, handled and/or disposed of PCB-containing light ballasts, although these persons had no specific recollection of such processes or activities, and no business records documenting such processes or activities were located. Thus, on information and belief, Northwest Marine never conducted any processes or activities on the Property that involved the storage, handling or disposal of PCBs or PCB-containing materials or liquids, except for these specific and infrequent processes and activities conducted on U.S. military vessels involving solid PCB-containing materials and potentially involving PCB-containing light ballasts.

With respect to releases or threatened releases of PCBs or PCB-containing materials or liquids on the Property, on October 20, 1998, personnel from PBS Engineering + Environmental (4412 SW Corbett Avenue, Portland, OR 97239, Phone: 503-248-1939, Fax: 503-248-0223) conducted

¹ In fact, Respondent has documentation that these processes or activities occurred on only one occasion, in connection with Northwest Marine's work on the USS Standley, as described in Response No. 48 hereto. See, e.g., NWMAR036487 (letter dated July 9, 1987, documenting that USS Paul F. Foster was free of PCBs); NWMAR014596-NWMAR014598 (documentation of testing of gasket materials for PCBs on USS Standley).

an onsite investigation of the Property in connection with preparation of a Phase II Environmental Investigation Report (PBS Project No. 12843.00; NWMAR020485-NWMAR020531). They inspected four electrical transformer locations on the Property. See NWMAR020491-NWMAR020492. Two of the four electrical transformer locations were characterized as “dry-type” indicating that these transformers contained no dielectric fluids. The other two electrical transformer units contained oil. A small oil stain approximately one square foot in area was observed at the base of one of the transformers on an elevated concrete slab inside the main building. NWMAR020491. A wipe sample was collected from the stained area, and analysis “indicated the presence of 20 micrograms Aroclor 1260 (PCB) per 100 square centimeters.” NWMAR020492. The report made recommendations regarding cleanup of the stained area by applying absorbent material, but noted that “the oil-staining does not present a concern for subsurface contamination.” *Id.* With respect to the electrical transformers on the Property, the report concluded: “There do not appear to be significant environmental concerns associated with the existing onsite transformers” NWMAR020495.

48. For each process or activity identified in response to the previous Question, describe the dates and duration of the activity or process and the quantity and type of PCB(s) or PCB(s) containing materials or liquids.

Response 48: This Response replaces in its entirety Respondent’s response to this question in the Final Responses, which shall hereby be considered stricken therefrom. In July 1991, Northwest Marine removed and contracted with Chemical Waste Management, Inc. (identified in Response No. 40(a) and 40(b) of the Final Responses) for the proper disposal of three 55-gallon drums of PCB-containing solids from the U.S. Naval vessel USS William H. Standley. See NWMAR013151-NWMAR013156, NWMAR014596-NWMAR014598 and NWMAR014658-NWMAR014661.² Also see Response No. 47 hereto.

49. For each process or activity identified in response to the previous two Questions, identify the location of the process or activity on the property.

Response 49: This Response replaces in its entirety Respondent’s response to this question in the Final Responses, which shall hereby be considered stricken therefrom. While in the Portland Harbor, the USS Standley was located at Berth No. 305 and Drydock No. 3 of the Shipyard (as defined in the Final Responses). See NWMAR006544-NWMAR006558. The location of the small oil stain on the Property discussed in Response No. 47 hereto is depicted on NWMAR020499 and NWMAR020510.

81. If any of the documents solicited in this information request are no longer available, please indicate the reason why they are no longer available. If the records were destroyed, provide us with the following:

- a. the document retention policy between 1937 and the present;
- b. the approximate date of destruction;
- c. a description of the type of information that would have been contained in the documents;

² For Northwest Marine’s standard subcontract terms and conditions, incorporated by reference into Northwest Marine’s purchase orders, see NWMAR052049-NWMAR052064 and NWMAR071149-NWMAR071279.

- d. the name, job title and most current address known by you of the person(s) who would have produced these documents; the person(s) who would have been responsible for the retention of these documents; the person(s) who would have been responsible for destroying the documents; and the person(s) who had and/or still have the originals or copies of these documents; and
- e. the names and most current addresses of any person(s) who may possess documents relevant to this inquiry.

Response 81: A special meeting of the board of directors of Northwest Marine Iron Works was held on August 22, 1964. The minutes of this meeting stated the following with regard to the destruction of documents:

Mr. George Grebe presided and brought up the problem of accumulation of company records and the need of more space. The Directors thoroughly discussed this matter, and at the conclusion unanimously adopted the following Resolution:

RESOLVED that the Secretary and Treasurer of the company be and they hereby are authorized to examine the records of the company and determine which records no longer be kept and destroy the same.

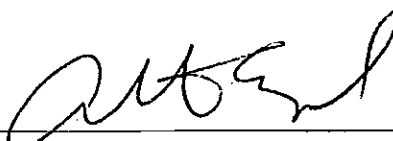
NWMAR104765-NWMAR104766. George Grebe (b) (6)

DECLARATION

I declare under penalty of perjury that I am authorized to respond on behalf of Respondent and that the foregoing is complete, true, and correct.

Executed on September 23, 2011.

The Marine Group LLC



Signature

Arthur E. Engel
Type or Print Name

Chief Executive Officer
Title

Mailing Address:
1311 First Street
Coronado, CA 92118

Bateman Seidel

Bateman Seidel Miner Blomgren Chellis & Gram, P.C.
Stanley M. Samuels, Sr. Counsel

Portland Harbor Superfund Site
CERCLA Section 104(e) Information Requests
The Marine Group and
BAE Systems San Diego Ship Repair
CONFIDENTIAL BUSINESS INFORMATION

Bateman Seidel

Bateman Seidel Miner Blomgren Chellis & Gram, P.C.
Stanley M. Samuels, Sr. Counsel

Portland Harbor Superfund Site
CERCLA Section 104(e) Information Requests
Supplemental Documents from The Marine Group
and BAE Systems San Diego Ship Repair
NWMAR126212 - NWMAR1140885

Bateman Seidel

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Stanley M. Samuels, Sr. Counsel

Portland Harbor Superfund Site
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Supplemental Documents from The Marine Group
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NWMAR110025 - NWMAR126211